

## STATEMENT OF PURPOSE

### RS19947

This proposed legislation will amend 47-1605, Idaho Code, which specifies the annual rent and royalty rates when leasing geothermal resources on state lands. Currently, this section of code requires annual rental rates of not less than \$0.25 per acre and royalties of not less than 10% of the value of the geothermal resource produced.

These rates do not recognize the various uses of geothermal activities, which can include energy production, direct heating, and mineral extraction. All these activities have diverse markets, and the codified rents and royalties can be either too low or too high, depending on the geothermal project.

This proposal will allow the state to negotiate royalty rates to reflect the diverse and various markets for geothermal uses.

### FISCAL NOTE

These amendments have the potential to increase revenue to the general fund, as well as the endowment trusts. If adopted, the amendments will provide greater incentives for entrepreneurs to develop lucrative geothermal projects on endowment lands, public trust lands, and other state lands in Idaho, which will enhance the financial returns to the state.

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